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## Agenda Item 5a

March 15, 2011

### TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. **SUBJECT:** Partnership for Change Update
- II. **PROGRAM:** Health Benefits
- III. **RECOMMENDATION:** Information
- IV. **ANALYSIS:**

The CalPERS Board of Administration (Board) approved the Partnership for Change Initiative in 2005 to promote value in hospital care and help moderate costs. Partnership for Change includes two components: the quality component – the California Hospital Assessment and Reporting Taskforce (CHART) and the cost-efficiency component – the Hospital Value Initiative (HVI). Partnership for Change is sponsored by CalPERS, the Pacific Business Group on Health (PBGH) and the California Health Care Coalition (CHCC). These initiatives were important early steps in improving transparency and encouraging consumer engagement.

CHART is a collaborative effort to publicly report hospital clinical quality and patient experience measures; led for the last six years by the University of California, San Francisco (UCSF), and the California HealthCare Foundation (CHCF). HVI is a cost efficiency program that seeks to improve transparency in the California health care marketplace.

This agenda item provides an update on CHART and HVI.

### **California Hospital Assessment and Reporting Taskforce**

The following is a summary of CHART developments since July 1, 2010.

### ***CHART Participating and Non-Participating Hospitals***

As of December 2010, CHART has a total of 240 hospitals with a total of 232 hospitals reporting on patient experiences and clinical quality performance measures plus eight new hospitals developing performance measures data. It requires nine months for a new hospital to develop data due to data collection, entry, submission, analysis, review, and posting. As of January 2011, 240 hospitals, representing over 85 percent of acute care hospital admissions in the state, are participating in CHART.

There are a total of 122 non-participating eligible hospitals in CHART. Non-participating hospitals are hospitals that could, but elect not to, participate. Attachments 1a and 1b provide current listings of 2010 CHART Participating and Non-Participating Hospitals, respectively.

### ***CHART Hospital Recognition Program***

As of February 2010, CHART identified 40 hospitals as qualified for the CHART Certificate of Excellence (Certificate). All hospitals that have at least one "Superior" or "Above Average" rating in at least five of eight performance measure categories with no "Below Average" or "Poor" scores in any performance measure qualify for the Certificate. The eight performance measure categories used to determine eligibility are:

- 1) Intensive Care Unit (ICU) Mortality
- 2) Heart Failure
- 3) Coronary Artery Bypass Graft (CABG) Mortality
- 4) Breastfeeding
- 5) Overall Patient Experience
- 6) Patient Safety (Healthcare Acquired Pressure Ulcers (HAPU) or Surgical Care Improvement Project (SCIP))
- 7) Acute Myocardial Infarction (AMI)
- 8) Pneumonia

CHART will recognize new Certificate recipients based on updated data approximately every six months. Attachment 3a provides a list of CHART hospitals awarded a Certificate in February 2010. Attachment 3b provides a total listing of hospitals that qualified for the Certificate since February 2009 and Attachment 3c provides a list of hospitals joining the CHART network. All CalPERS hospitals are identified in Attachments 3a and 3c.

### ***CHART Website***

As of November 2010, CHART updated the [www.CalHospitalCompare.org](http://www.CalHospitalCompare.org) website with 21 new measures, as listed:

- 1) Esophageal Resection – volume
- 2) Pancreatic Resection – volume
- 3) Abdominal Aortic Aneurysm Repair – volume

- 4) Esophageal Resection – mortality rates
- 5) Pancreatic Resection – mortality rates
- 6) Abdominal Aortic Aneurysm Repair – mortality rates
- 7) Hip Fracture Mortality
- 8) Bilateral Cardiac Catheterization
- 9) Postoperative Wound Dehiscence
- 10) Incidental Appendectomy (among the elderly)
- 11) Iatrogenic Pneumothorax
- 12) Potentially Preventable Readmissions (PPR) - Overall
- 13) Potentially Preventable Readmissions (PPR) - Heart Attack
- 14) Potentially Preventable Readmissions (PPR) – Heart Failure
- 15) Potentially Preventable Readmissions (PPR) – Heart Bypass Surgery
- 16) Potentially Preventable Readmissions (PPR) - Pneumonia
- 17) Hospital Length of Stay – Overall
- 18) Hospital Length of Stay - Heart Attack
- 19) Hospital Length of Stay - Heart Bypass Surgery
- 20) Hospital Length of Stay - Heart Failure
- 21) Hospital Length of Stay - Pneumonia

In addition, the CHART website team designed a uploading and analysis system on patient experience data. This system allows hospitals to report on the patient experience data directly to the CHART team. The reporting system is expected to save CHART approximately \$30,000 per year, beginning in 2011.

### ***CHART 2010 Fiscal Status***

As of November 2010, health plans and hospitals contributed approximately \$1.78 million in total direct public support to CHART. Total contributions from hospitals are approximately \$400,000 annually. Total contributions from the health plans are approximately \$1.4 million annually. CHART has received 99 percent of hospital contributions and 100 percent of health plan contributions for budget year 2010.

## **Hospital Value Initiative**

### ***Background***

In 2007, the HVI was suspended as a result of hospitals asserting that any public dissemination of hospital costs would be a violation of federal antitrust statutes. Based on this belief, hospitals refused to permit the health plans that were participating in the HVI to provide hospital cost information to the project for analysis, even though CalPERS and PBGH obtained a legal opinion from the firm of Ropes & Gray that stated the project results were not a violation of antitrust statutes.

As a result of the hospitals' actions, the CalPERS Board worked with PBGH and CHCC to submit a request for Business Review Letter (BRL) to the Federal Trade Commission and subsequently the Department of Justice (DOJ).

In June 2009, the CalPERS Board elected to submit a final BRL without the public reporting provision. By choosing this option, CalPERS and the other sponsors would be able to work with the health plans and hospitals to develop a public reporting mechanism, plus collect cost and quality data at the major disease category level.

On April 26, 2010, the DOJ issued a favorable BRL for the HVI. The DOJ concluded that HVI's operation is not likely to produce any anticompetitive efforts. The DOJ believed it is unlikely that HVI will reduce competition; rather, the information about the relative costs and utilization rates of hospitals in California will lead payors and employers to make more informed decisions when purchasing hospital services.

On July 1, 2010, CalPERS met with PBGH and CHCC to discuss resuming the HVI project. All sponsors agreed to continue the project.

### ***Next Steps***

Unfortunately, due to the perceived threat of litigation, the HVI project has been stalled. The sponsors, including CalPERS Deputy Executive Officer, Ann Boynton, are meeting with the health plans on April 29, 2011 to discuss approaches to move this initiative forward.

## **V. STRATEGIC PLAN:**

This agenda item supports CalPERS Strategic Goal 12: "Engage and influence the healthcare marketplace to provide medical care that optimizes quality, access, and cost."

**VI. RESULTS/COSTS:**

This is an information item only.

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Attachments